

APPENDIX "A"
TO THE
VERIFIED APPLICATION FOR AUTHORITY TO ISSUE SECURITIES

SECOND CONSOLIDATED, AMENDED AND RESTATED
REVOLVING CREDIT AGREEMENT

**SECOND CONSOLIDATED, AMENDED AND RESTATED
REVOLVING CREDIT AGREEMENT**

THIS CONSOLIDATED, AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT, (this "Agreement") is entered into as of _____, 2011, by and among **DESERET GENERATION & TRANSMISSION CO-OPERATIVE ("Borrower")**, a non-profit corporation organized and existing under the laws of the State of Utah, **BLUE MOUNTAIN ENERGY, INC. ("BME")** a corporation organized and existing under the laws of the State of Wyoming, and **NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION ("CFC")**, a cooperative association organized and existing under the laws of the District of Columbia.

RECITALS

WHEREAS, the Borrower, BME and CFC are parties to that certain Revolving Credit Agreement dated as of October 16, 1996 with respect to a secured revolving line of credit loan from CFC to the Borrower in the original principal amount of \$20,000,000.00 as amended, consolidated and restated from time to time by the following:

Letter amendment dated August 19, 1997
Letter amendment dated June 28, 2000
Second Amendment to Revolving Credit Agreement dated October 16, 2001
Third Amendment to Revolving Credit Agreement dated December 31, 2001
Consolidated, Amended and Restated Revolving Line of Credit Agreement dated as of October 16, 2006
(collectively referred to herein as the "Original Credit Agreement");

WHEREAS, the Borrower, CFC, BME, and National Cooperative Services Corporation are parties to an Obligations Restructuring Agreement dated as of October 16, 1996, as modified, amended or supplemented from time to time ("ORA"), pursuant to which, among other things, BME guaranteed the prompt payment in full when due of all obligations owing to CFC by the Borrower under the Restructure Documents (as defined in the ORA), including, but not limited to, obligations under the Original Credit Agreement.

WHEREAS, the Borrower's and BME's obligations under the ORA, the Original Credit Agreement and this Agreement as they may have been or may be supplemented, amended, consolidated, or restated from time to time are secured by the Mortgage;

WHEREAS, the parties hereto have agreed to consolidate, amend and restate the Original Credit Agreement as set forth herein.

NOW, THEREFORE, for and in consideration of the foregoing, and in further consideration of the premises and the mutual covenants herein contained, the parties hereto agree and bind themselves as follows:

ARTICLE I

DEFINITIONS

Section 1.01 For purposes of this Agreement, the following capitalized terms shall have the following meanings (such definitions to be equally applicable to the singular and the plural

form thereof). Capitalized terms that are not defined herein shall have the meanings as set forth in the Original Credit Agreement, ORA or Mortgage as appropriate.

"Advance" shall mean each advance of funds by CFC to, or for the benefit of the Borrower pursuant to the terms and conditions of this Agreement including but not limited to any amounts advanced under any Letter of Credit issued hereunder.

"Available Letter of Credit Commitment Amount" shall mean, as of the date of determination, the Letter of Credit Commitment Amount less the LC Exposure.

"Beneficiary" shall mean each beneficiary of a Letter of Credit and shall include any substitute beneficiary or transferee under a transferable Letter of Credit and any successor of a beneficiary by operation of law.

"Business Day" shall mean any day that both CFC and the depository institution CFC utilizes for funds transfers hereunder are open for business.

"CFC Commitment" shall have the meaning as defined in Schedule 1 hereto.

"CFC Line of Credit Rate" shall mean the rate published by CFC from time to time, by electronic or other means, for similarly classified lines of credit, but if not published, then the rate determined for such lines of credit by CFC from time to time.

"Commitment Period" shall mean the period beginning on the Effective Date and ending October 16, 2016.

"Default Rate" shall mean a rate per annum equal to the interest rate in effect for an Advance plus two hundred basis points.

"Effective Date" shall mean the date designated as such by CFC on the signature page hereof.

"Event of Default" shall have the meaning as described in Article VI hereof.

"GAAP" shall mean generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board.

"Governmental Authority" shall mean the government of the United States of America, any other nation or government, any state or other political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Guaranty" shall mean the guaranty referred to in the second Whereas clause hereof, as such guaranty may be amended or modified from time to time.

"Guarantor" shall have the meaning as described in Schedule 1 hereto.

"ISP 98" shall mean International Standby Practices (1998) International Chamber of Commerce Publication No. 590, and any subsequent official revision thereof.

"LC Exposure" means, at any time, the aggregate amount available to be drawn on all outstanding Letters of Credit at such time plus the aggregate amount of all unpaid Draws on all Letters of Credit.

"Letter of Credit" shall have the meaning as defined in Section 3.03.A hereof.

"Letter of Credit Commitment Amount" shall have the meaning as defined in Schedule 1 hereto.

"Lien" shall mean any statutory or common law consensual or non-consensual mortgage, pledge, security interest, encumbrance, lien, right of set off, claim or charge of any kind, including, without limitation, any conditional sale or other title retention transaction, any lease transaction in the nature thereof and any secured transaction under the Uniform Commercial Code.

"Line of Credit" shall mean the line of credit extended by CFC to Borrower, pursuant to this Agreement, including any LC Exposure, in an aggregate principal amount outstanding at any time not to exceed the CFC Commitment.

"Loan Documents" shall mean this Agreement, the Mortgage, the ORA and all other documents or instruments executed, delivered or executed and delivered by Borrower and evidencing, securing, governing or otherwise pertaining to the Line of Credit.

"Mortgage" shall have the meaning as described in Schedule 1 hereto.

"Mortgaged Property" shall have the meaning ascribed to it in the Mortgage.

"Obligations" shall mean any and all liabilities, obligations or indebtedness owing by Borrower to CFC, of any kind or description, irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, including but not limited to any Event of Default as defined under the ORA, this Agreement and or/the Mortgage. The Obligations are secured by the Mortgage.

"Permitted Encumbrances" shall have the meaning ascribed to it in the Mortgage.

"Person" shall mean natural persons, cooperatives, corporations, limited liability companies, limited partnerships, general partnerships, limited liability partnerships, joint ventures, associations, companies, trusts or other organizations, irrespective of whether they are legal entities, and Governmental Authorities.

"Prior Loan Documents" shall mean, the Line of Credit Agreement dated October 16, 2006 between the Lender and the Borrower, and all mortgages, promissory notes, agreements, other documents and security instruments delivered pursuant thereto.

"Restructured Obligations" shall have the meaning set forth in Section 2.01.C below.

"Revolving Credit Commitment Amount" shall have the meaning as defined in Schedule 1 hereto.

"Subsidiary" as to any Person, shall mean a corporation, partnership, limited partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Borrower.

"UCP" shall mean the Uniform Customs and Practice for Documentary Credits (2007 Version), International Chamber of Commerce Publication No. 600, and any subsequent official revision thereof.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.01 The Borrower represents and warrants to CFC that as of the date of this Agreement:

A. Good Standing. The Borrower is a corporation duly incorporated, validly existing and in good standing under the laws of Utah and is duly qualified to do business and is in good standing in those states in which it is required to be qualified to conduct its business. The Borrower is a member in good standing of CFC

B. Authority; Validity. The Borrower has the power and authority to enter into this Agreement; to make the borrowing hereunder; to execute and deliver all documents and instruments required hereunder, in the ORA and in the Mortgage, and to incur and perform the obligations provided for herein, all of which have been duly authorized by all necessary and proper action; and no consent or approval of any Person, including, as applicable and without limitation, members of the Borrower, which has not been obtained is required as a condition to the validity or enforceability hereof or thereof.

This Agreement is, and when fully executed and delivered will be, legal, valid and binding upon the Borrower and enforceable against the Borrower in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity.

C. No Conflicting Agreements. The execution and delivery of the Loan Documents and performance by the Borrower of the obligations thereunder, and the transactions contemplated hereby or thereby, will not: (i) violate any provision of law, any order, rule or regulation of any court or other agency of government, any award of any arbitrator, the articles of incorporation or bylaws of the Borrower, or any indenture, contract, agreement, mortgage, deed of trust or other instrument to which the Borrower is a party or by which it or any of its property is bound; or (ii) be in conflict with, result in a breach of or constitute (with due notice and/or lapse of time) a default under, any such award, indenture, contract, agreement, mortgage, deed of trust or other instrument, or result in the creation or imposition of any Lien

upon any of the property or assets of the Borrower.

The Borrower is not in default in any material respect under any material agreement or instrument to which it is a party or by which it is bound, except for those material defaults previously disclosed to CFC under certain instrument(s) and/or agreement(s) with respect to which CFC has agreed in writing, previous to the date hereof, to forebear from exercising remedies (the "Restructured Obligations"), and (except with respect to the Restructured Obligations) no event or condition exists which constitutes a default, or with the giving of notice or lapse of time, or both, would constitute a default under any such agreement or instrument.

D. Taxes. The Borrower and/or any Subsidiary has filed or caused to be filed all federal, state and local tax returns which are required to be filed and has paid or caused to be paid all federal, state and local taxes, assessments, and governmental charges and levies thereon, including interest and penalties to the extent that such taxes, assessments, and governmental charges and levies have become due, except for such taxes, assessments, and governmental charges and levies which the Borrower and/or any Subsidiary is contesting in good faith by appropriate proceedings for which adequate reserves have been set aside.

E. Licenses and Permits. The Borrower has duly obtained and now holds all licenses, permits, certifications, approvals and the like necessary to own and operate its property and business that are required by Governmental Authorities and each remains valid and in full force and effect.

F. Litigation. There are no outstanding judgments, suits, claims, actions or proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower, its Subsidiaries or any of their respective properties which, if adversely determined, either individually or collectively, would have a material adverse effect upon the business, operations, prospects, assets, liabilities or financial condition of the Borrower and its Subsidiaries, taken as a whole. The Borrower and its Subsidiaries are not, to the Borrower's knowledge, in default or violation with respect to any judgment, order, writ, injunction, decree, rule or regulation of any Governmental Authority which would have a material adverse effect upon the business, operations, prospects, assets, liabilities or financial condition of the Borrower and its Subsidiaries, taken as a whole.

G. Financial Statements. The balance sheet of the Borrower as at the date identified in Schedule 1 hereto, the statement of operations of the Borrower for the period ending on said date, and the interim financial statements of the Borrower, all heretofore furnished to CFC under the ORA, are complete and correct. Said balance sheet fairly presents the financial condition of the Borrower as at said date and said statement of operations fairly reflects its operations for the period ending on said date. There has been no material adverse change in the financial condition or operations of the Borrower from the financial condition and operations set forth in said financial statements except changes disclosed in writing to CFC prior to the date hereof.

I. Borrower's Legal Status. Schedule 1 hereto accurately sets forth: (i) the Borrower's exact legal name, (ii) the Borrower's organizational type and jurisdiction of organization, (iii) the Borrower's organizational identification number or accurate statement that the Borrower has none, and (iv) the Borrower's place of business or, if more than one, its chief executive office as well as the Borrower's mailing address if different.

H. Required Approvals. No license, consent or approval of any Governmental Authority is required to enable the Borrower to enter into this Agreement, or to perform any of its Obligations provided for herein, including without limitation (and if applicable), that of any state public utilities commission, any state public service commission, and the Federal Energy Regulatory Commission, except as disclosed in Schedule 1 hereto, all of which Borrower has obtained prior to the date hereof.

J. Compliance With Laws. The Borrower is in compliance in all material respects with all applicable requirements of law and all applicable rules and regulations of each Governmental Authority.

K. Disclosure. To the Borrower's knowledge, information and belief, neither this Agreement nor any document, certificate or financial statement furnished to CFC by or on behalf of Borrower in connection herewith (all such documents, certificates and financial statements, taken as a whole) contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements contained herein and therein not misleading.

L. No Other Liens. As to property which is presently included in the description of Mortgaged Property, the Borrower has not, without the prior written approval of CFC, executed or authenticated any security agreement or mortgage, or filed or authorized any financing statement to be filed with respect to assets owned by it, other than security agreements, mortgages and financing statements in favor of CFC, except as disclosed in writing to CFC prior to the date hereof or relating to Permitted Encumbrances.

ARTICLE III

CREDIT TERMS

Section 3.01 CFC Commitment; Term. Subject to the terms and conditions hereof, CFC agrees to make Advances on the Line of Credit and issue Letters of Credit from time to time, until the Business Day prior to the end of the Commitment Period.

Section 3.02 CFC Commitment; Revolving Credit. The Borrower may borrow, repay and reborrow funds at any time or from time to time, *provided, however*, that (a) the aggregate amount of all outstanding Advances on the Line of Credit, plus (b) the LC Exposure, shall not exceed the CFC Commitment.

Section 3.03 Letters of Credit.

A. Letter of Credit Commitment Amount; Issuance.

Applicant may request, and CFC shall issue, letters of credit in an aggregate amount not to exceed the Letter of Credit Commitment Amount subject to the limitation in the following paragraph. Such letters of credit shall be issued to such Beneficiaries as may be requested by Applicant from time to time under the terms and conditions of this Agreement. Each such letter of credit shall be substantially in the form attached as Exhibit A hereto or in such other form as shall

be mutually agreeable to CFC and Applicant (Each such letter of credit, as amended from time to time, referred to herein as a "Letter of Credit").

Notwithstanding anything to the contrary herein, CFC shall have no obligation to issue or otherwise to amend a Letter of Credit if such issuance or amendment would exceed the Available Letter of Credit Commitment Amount.

B. Reinstatement.

(i) The face amount of any expired, returned, cancelled, or otherwise terminated Letter of Credit, less the amount of any unpaid Draw, shall be available, under the terms of this Agreement, for issuance of additional Letters of Credit.

(ii) The amount of any Draw repaid pursuant to Section 3.03.L shall be available, under the terms of this Agreement, for issuance of additional Letters of Credit, except to the extent that such reimbursement causes the aggregate amount of all Advances outstanding on the Line of Credit to exceed the Revolving Credit Commitment Amount. In such instance, the Letter of Credit Commitment Amount shall be reduced by the difference between the aggregate amount of all Advances outstanding on the Line of Credit and the Revolving Credit Commitment Amount. The Letter of Credit Commitment Amount shall be reinstated as repayments of such amounts are made.

C. Letter of Credit Expiration Date; Issuance Period:

Each Letter of Credit issued hereunder shall expire on the date indicated thereon, but in no event shall such date be later than the last day of the Commitment Period.

Provided that no default hereunder by the Applicant has occurred and is continuing, CFC's obligation to issue any Letter of Credit under this Agreement shall remain in effect until the Business Day prior to the end of the Commitment Period.

D. CFC Letter of Credit Designation: The first Letter of Credit issued hereunder shall bear CFC designation UT021-I-9033-001. Each subsequent Letter of Credit issued hereunder shall be numbered consecutively thereafter.

E. Draws. In accordance with the terms of any Letter of Credit, CFC hereby agrees to honor presentations under such Letter of Credit to the Beneficiary thereof in such amounts as the Beneficiary may from time to time request (each such honored presentation is referred to herein as a "Draw").

F. Irrevocable Instruction. Applicant hereby irrevocably and unconditionally instructs CFC to honor presentations made in accordance with the terms set forth in a Letter of Credit. It is expressly agreed that CFC may honor such presentations without requiring any documentation or information other than expressly stated in a Letter of Credit, and without regard to any contrary instructions Applicant may hereafter give to CFC.

G. Independence. Applicant acknowledges that the rights and obligations of CFC, including, but not limited to, honoring a presentation, under a Letter of Credit are independent of the existence, performance or nonperformance of any contract or arrangement underlying a Letter of Credit, including contracts or arrangements between CFC and Applicant (including this

Agreement) and contracts or arrangements between Applicant and any Beneficiary or any disputes or controversies between the Applicant and any Beneficiary, or any other person, notwithstanding that CFC may have assisted Applicant in the preparation of the wording of a Letter of Credit or documents required to be presented thereunder or that CFC may be aware of the underlying transaction or obligation or be familiar with any of the parties thereto.

H. Nature of Applicant's Obligations; Limitations on Liability. The Applicant's obligations to CFC under this Agreement are absolute, unconditional and irrevocable, and shall be paid and performed in accordance with the terms hereof irrespective of any act, omission, event or condition, including, without limitation (a) the use which may be made of the funds drawn under a Letter of Credit or for the acts or omissions of the Beneficiary or any other person, (b) any lack of validity or enforceability of a Letter of Credit, or any term or provision therein, (c) the validity, accuracy, sufficiency or genuineness of drafts, required statements or documents, even if such drafts, statements or documents should in fact prove to be in any or all respects invalid, inaccurate, insufficient, fraudulent or forged, or (d) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of the Applicant's obligations hereunder.

CFC shall not have any liability or responsibility by reason of or in connection with the issuance or transfer of a Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of CFC; provided that the foregoing shall not be construed to excuse CFC from liability to the Applicant to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Applicant to the extent permitted by applicable law) suffered by the Applicant that are caused by CFC's gross negligence or willful misconduct when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof.

Additionally, and without limiting any other provision of this Agreement, the parties expressly agree that CFC:

- (i) may rely upon any oral, telephonic, facsimile, electronic, written or other communication believed in good faith to have been authorized by Applicant, whether or not given or signed by an authorized person;
- (ii) shall not be responsible for errors, omissions, interruptions or delays in transmission or delivery of any message, advice or document in connection with a Letter of Credit by mail, telephone, facsimile or otherwise
- (iii) shall not be responsible for inquiring into, establishing, verifying or confirming the identity or authority of any signer or the form, accuracy, genuineness, falsification or legal effect of any presentation or payment instruction under a Letter of Credit if such presentation or instructions appears on its face to be in compliance with a Letter of Credit, even if the purported signer is a person whose signature is known to CFC;
- (iv) may honor any presentation under a Letter of Credit (a) which appears on its face to substantially or reasonably comply with the terms and conditions of such Letter

of Credit, whether or not it appears on its face to strictly, exactly or literally comply, (b) which is or appears on its face to have been signed or presented by any purported successor of the Beneficiary or any other party in whose name such Letter of Credit requires or authorizes that any draft or other document be signed, presented or issued, or (c) which is, or appears on its face to have been, signed or presented by the Beneficiary after a change of name of the Beneficiary;

- (v) may dishonor any presentation that does not strictly comply with the terms and conditions of a Letter of Credit or is forged, fraudulent or otherwise not entitled to honor;
- (vi) may, if an otherwise complying presentation claims an amount in excess of the amount available under a Letter of Credit, honor such presentation in an amount available under such Letter of Credit;
- (vii) may make any payment under or in connection with a Letter of Credit by any means CFC chooses, including by wire transfer or by check;
- (viii) shall not be responsible for any acts or omissions by, or the solvency of, the Beneficiary; and
- (ix) shall have no obligation to delay or refuse to honor a presentation the Applicant or any other party seeks to delay or enjoin until so ordered by a court of competent jurisdiction.

I. Legal Representatives. Applicant agrees that CFC shall have no liability to the Applicant or to any other person, and the Applicant's repayment and other obligations hereunder shall not be affected by, honoring presentations made in accordance with the terms set forth in a Letter of Credit which may be presented by the administrator, trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other legal representative of the Beneficiary.

J. Applicant Responsibility. Applicant is responsible for approving the text of any Letter of Credit as issued by CFC and received by Beneficiary, and CFC shall not be responsible or liable to Applicant for any terms and conditions thereof that are ineffective, ambiguous, inconsistent or impossible to satisfy. Applicant's responsibility for the final text of any Letter of Credit shall not be affected by any assistance CFC may provide such as drafting or recommending text or by CFC's use or refusal to use text submitted by Applicant. Applicant acknowledges that CFC does not represent or warrant that a Letter of Credit will satisfy Applicant's requirements or intentions, and that Applicant is responsible for the suitability of a Letter of Credit for Applicant's purposes, including, but not limited to, whether the text of a Letter of Credit approved by Applicant is acceptable to Beneficiary.

Applicant shall examine the copy of each Letter of Credit, and any other documents sent by CFC in connection with such Letter of Credit, and shall notify CFC of any non-compliance with Applicant's instructions, and of any discrepancy in any document or other irregularity, within 3 Business Days after Applicant receives or should have received any of such documents (the "Required Time"); provided, however, if the end of the Required Time falls on non-Business Day, the deadline shall be extended to the end of the next Business Day. Applicant's failure to give timely and specific notice during the Required Time of objection shall automatically waive

Applicant's objection, authorize or ratify CFC's action or inaction, and preclude Applicant from raising the objection as a defense or claim against CFC.

K. Extensions and Modifications. This Agreement shall be binding upon Applicant with respect to any replacement, extension, amendment or modification of any Letter of Credit or waiver of discrepancies authorized by Applicant. Except as may be provided in a Letter of Credit, provided for herein or otherwise specifically agreed to in writing by CFC in its sole discretion, CFC shall have no duty to (a) extend the expiration date of any Letter of Credit, (b) issue a replacement letter of credit on or before the expiration date of a Letter of Credit or the end of such term, (c) issue or refrain from issuing notice of its election not to renew or extend any Letter of Credit, (d) issue or refrain from issuing any notice, if a Letter of Credit permits it to do so, of its election to terminate or cancel such Letter of Credit prior to its stated expiration date, (e) issue or refrain from issuing any notice of its election to refuse to reinstate the amount of any drawing under a Letter of Credit or (f) otherwise amend or modify any Letter of Credit.

L. Automatic Advances; Repayment. Upon payment by CFC of a Draw on a Letter of Credit, Applicant hereby authorizes and instructs CFC to make an Advance on the Line of Credit in an amount equal to such Draw, which shall be deemed a reimbursement of such Draw. Applicant agrees that this authorization is irrevocable until such time as Applicant's obligations under this Agreement have been paid in full. Applicant further agrees that CFC shall not incur any liability to Applicant as a result of such action, except in cases of gross negligence or willful misconduct by CFC. In the event that for any reason, the amount of a Draw is not repaid with the proceeds of an Advance on the Line of Credit as described herein, Applicant shall pay such Draw no later than one year from the date of such Draw.

Advances made by CFC under this Section may cause the aggregate amount of all Advances outstanding on the Line of Credit to exceed the Revolving Credit Commitment Amount.

Section 3.04 Limitation on Advances and Letters of Credit. CFC reserves the right to limit Advances or Letters of Credit if the sum of (a) all Advances outstanding, (b) the LC Exposure (c) the amount of any further Advance requested, (d) the amount of any further Letter of Credit requested and (e) the total amount of Borrower's other unsecured outstanding debt, would exceed the CFC Commitment.

Section 3.05 Payment and Interest Rate. The Line of Credit shall be payable and bear interest as follows:

A. Promise to Pay; Interest Rate. The Borrower unconditionally promises and agrees to pay, as and when due, interest on all amounts advanced hereunder from the date of each Advance and to repay all principal amounts advanced hereunder and accrued, but unpaid interest thereon on the last day of the Commitment Period.

All amounts shall be payable at CFC's main office at 2201 Cooperative Way, Herndon, Virginia 20171-3025 or at such other location as designated by CFC from time to time. The interest rate on all Advances will be equal to the CFC Line of Credit Rate in effect from time to time. Interest will be computed on the basis of a 365 day year for the actual number of days that any Advance is outstanding. The effective date of an interest rate adjustment will be determined from time to time by CFC, and shall remain in effect until any subsequent change in the interest rate occurs. No provision of this Agreement shall require the payment, or permit the collection, of interest in excess of the highest rate permitted by applicable law.

B. Interest Payments. Interest on Advances shall be due and payable in accordance with CFC's regular billing cycles as may be in effect from time to time. As of the date hereof, interest shall be due and payable on the last day of each of March, June, September and December (each a "Payment Date"). CFC shall provide reasonable prior written notice to the Borrower of any change to the billing cycle or due dates for the payment of interest. CFC shall invoice the Borrower at least five days prior to the due date of any interest payment, provided, however, that CFC's failure to timely send an invoice with respect to any interest payment shall not constitute a waiver by CFC or be deemed to relieve the Borrower of its obligation to make such payment as provided for herein or to repay all amounts advanced hereunder in full with accrued interest as provided for herein.

C. Application of Payments. Each payment shall be applied first to any fees, costs, expenses or charges other than interest or principal then due on the Borrower's indebtedness to CFC, second to interest accrued, and the balance to principal.

Section 3.06 Fees.

A. Issuance Fee. For each Letter of Credit issued hereunder, Borrower shall pay to CFC a nonrefundable fee ("Issuance Fee"). The Issuance Fee shall be determined in accordance with CFC's credit policies and practices in effect as of date of issuance of the applicable letter of credit. In the event a Letter of Credit is outstanding for more than one year, then the Issuance Fee shall be due and payable annually and shall be in an amount determined in accordance with CFC's credit policies and practices in effect as of each anniversary of the date of issuance. Borrower shall pay the Issuance Fee to CFC promptly upon receipt of an invoice from CFC relating thereto.

B. Other Fees. In addition to the above fees, Borrower shall pay, as and when due, such additional fees as may be charged from time to time by CFC for issuing amendments to or transferring any Letter of Credit issued hereunder, and any fees that may be imposed by a confirming bank or other financial institution in the event that a Letter of Credit issued hereunder is confirmed by such other bank or financial institution.

Section 3.07 Paydown Requirement. For each 12-month period while this Agreement is in effect, Borrower shall, for a period of at least five consecutive Business Days, pay down the entire outstanding principal balance on this line of credit ("Paydown"). Borrower shall make the initial Paydown within 360 days of the first Advance hereunder, and shall make each subsequent Paydown within 360 days of the date of the first Advance following each Paydown.

Section 3.08. Prior Loan Documents. It is understood and agreed that all of the terms, conditions and provisions of this Agreement shall supersede all of the terms, conditions and provisions of all Prior Loan Documents, *except for* (a) representations and warranties contained in any Prior Loan Document, which shall continue to apply to the loan or loans referenced in the Prior Loan Document, (b) conditions precedent to the making of any Advance under a Prior Loan Document, and (c) any special covenants, conditions or other specific terms set forth on Schedule 1 to any Prior Loan Document, unless otherwise explicitly agreed to in writing by Lender, or superseded by explicit reference thereto in this Agreement. For purposes of the foregoing, this Section 3.08 shall be deemed to amend all Prior Loan Documents, and notwithstanding termination of this Agreement for any reason, this Section 3.08 shall nevertheless survive and shall continue to amend each Prior Loan Document for as long as the

respective Prior Loan Document is in effect, but only with respect to the matters set forth in this Section 3.08. Any outstanding principal, interest and other amounts outstanding under any Prior Loan Document shall be transferred to the line of credit established pursuant to this Agreement and deemed an Advance hereunder.

Section 3.09 Default Rate. If Borrower defaults on its obligation to make a payment due hereunder by the applicable Payment Date, and such default continues for thirty days thereafter, then beginning on the thirty-first day after the Payment Date and for so long as such default continues, Advances shall bear interest at the Default Rate.

Section 3.10 Mandatory Prepayment. If there is a change in the Borrower's corporate structure (including without limitation by merger, consolidation, conversion or acquisition), then upon the effective date of such change (the "Change Date"), (a) except for Advances made to repay a Draw on a Letter of Credit pursuant to Section 3.03.L the Borrower shall no longer have the ability to request, and CFC shall have no obligation to make, Advances hereunder, (b) the Borrower shall no longer have the ability to request, and CFC shall have no obligation to issue, a Letter of Credit hereunder, and (c) the Borrower shall prepay the outstanding principal balance of all Obligations (excluding Obligations represented by undrawn amounts under outstanding Letters of Credit), together with any accrued but unpaid interest thereon; any unpaid costs or expenses provided for herein, and a prepayment premium as set forth in any agreement between the Borrower and CFC with respect to any such Obligation or, if not specified therein, as prescribed by CFC pursuant to its policies of general application in effect from time to time.

Any Letter of Credit outstanding on the Change Date shall remain outstanding and subject to the terms and conditions hereof until its stated expiry date unless cancelled or returned by the Beneficiary thereof prior to such expiry date. Any Draw on such Letter of Credit shall be reimbursed by an automatic Advance made pursuant to Section 3.03.L. The Borrower shall repay the outstanding principal balance of such automatic Advance, together with any accrued but unpaid interest thereon and any unpaid costs or expenses provided for herein within five (5) Business Days of CFC's payment of the Draw.

Upon the prepayment of all amounts outstanding hereunder, and the termination and/or expiration of all Letters of Credit outstanding hereunder pursuant to this Section 3.10, this Agreement shall automatically terminate without further action by either Borrower or CFC.

ARTICLE IV

CONDITIONS OF LENDING

Section 4.01 Conditions Precedent to Closing. The obligation of CFC to make Advances or to issue Letters of Credit hereunder shall not become effective until the date on which the following conditions precedent have been satisfied:

A. Legal Matters. All legal matters incident to the consummation of the transactions hereby contemplated shall be satisfactory to counsel for CFC.

B. Representations and Warranties. The representations and warranties contained in Article II shall be true on the date of each Advance or issuance of a Letter of Credit.

C. Closing Deliverables. CFC shall have been furnished with the following, in form and substance satisfactory to CFC:

(i) **Documents.** (a) the executed Loan Documents, (b) certified copies of all such organizational documents and proceedings of the Borrower authorizing the transactions hereby contemplated as CFC shall require, (c) an opinion of counsel for the Borrower addressing such legal matters as CFC shall reasonably require, and (d) all other such documents as CFC may reasonably request.

(ii) **Government Approvals.** True and correct copies of all certificates, authorizations, consents, permits and licenses from Governmental Authorities necessary for the execution or delivery of the Loan Documents or performance by the Borrower of the obligations hereunder or thereunder.

D. Fees. The Borrower shall have paid all fees hereunder as and when due.

E. Special Conditions of Closing. CFC shall be fully satisfied that the Borrower has complied with all special conditions of closing identified in Schedule 1 hereto.

Section 4.02 Each Credit Event. The obligation of CFC to make any Advances hereunder and to issue Letters of Credit hereunder is additionally subject to satisfaction of the following conditions in form and substance satisfactory to CFC:

A. Representations and Warranties.

(i) The representations and warranties contained in Article II shall be true on the date of (a) the making of each Advance hereunder and (b) each request for the issuance or amendment of each Letter of Credit hereunder, with the same effect as though such representations and warranties had been made on such date;

(ii) No Event of Default and no event which, with the lapse of time or the notice and lapse of time would become such an Event of Default, shall have occurred and be continuing or will have occurred after giving effect to each Advance on the books of the Borrower;

(iii) There shall have occurred no material adverse change in the business or condition, financial or otherwise, of the Borrower or any Guarantor; and nothing shall have occurred which in the opinion of CFC materially and adversely affects the Borrower's ability to perform its obligations hereunder or any Guarantor's ability to perform its obligations under its Guaranty.

B. Mortgage Recordation. The Mortgage (and any amendments, supplements or restatements as CFC may require from time to time) shall have been duly filed, recorded or indexed in all jurisdictions necessary (and in any other jurisdiction that CFC shall have reasonably requested) to provide CFC a lien, subject to Permitted Encumbrances, on all of the Borrower's real property, except such real property specified in Schedule 1, all in accordance with applicable law, and the Borrower shall have paid all applicable taxes, recording and filing

fees pertaining to recordation of the Mortgage, and caused satisfactory evidence thereof to be furnished to CFC.

C. UCC Filings. Uniform Commercial Code ("UCC") financing statements (and any continuation statements and other amendments thereto that CFC shall require from time to time) shall have been duly filed, recorded or indexed in all jurisdictions necessary (and in any other jurisdiction that CFC shall have reasonably requested) to provide CFC a perfected security interest, subject to Permitted Encumbrances, in the Mortgaged Property which may be perfected by the filing of a financing statement, all in accordance with applicable law, and the Borrower shall have paid all applicable taxes, recording and filing fees and caused satisfactory evidence thereof to be furnished to CFC. The Borrower hereby authorizes CFC to file UCC financing statements, continuation statements and amendments thereto necessary for CFC to maintain CFC's perfected security interest.

D. Requisitions.

(i) Except for Advances made pursuant to Section 3.03.L, Borrower will requisition each Advance by submitting its written requisition to CFC in form and substance satisfactory to CFC no later than 12:00 noon local time at CFC's offices in Herndon, Virginia on the Business Day prior to the Business Day Borrower seeks to have funds advanced. CFC may require the Borrower to submit such additional information as it may reasonably require prior to funding the Advance request.

(ii) Borrower will request the issuance of each Letter of Credit by submitting its written requisition to CFC in the form attached as Exhibit B hereto. Borrower will request the issuance of any amendment to a Letter of Credit by submitting its written requisition to CFC in the form attached as Exhibit C hereto. Each such request shall be made at least two Business Days prior to the requested date of issuance or amendment.

E. Fees. Borrower shall have paid all fees hereunder as and when due.

F. Special Conditions of Credit Events. CFC shall be fully satisfied that the Borrower has complied with all special conditions to credit events identified in Schedule 1 hereto.

ARTICLE V

COVENANTS

Section 5.01 Affirmative Covenants. The Borrower covenants and agrees with CFC that until payment in full of all amounts due under this Agreement and performance of all obligations of the Borrower hereunder:

A. Use of Proceeds. The Borrower shall use the proceeds of this Line of Credit solely for the purposes identified on Schedule 1 hereto.

B. Notice. The Borrower shall promptly notify CFC in writing of:

- (i) any material adverse change in the business, operations, prospects, assets, liabilities or financial condition of the Borrower, any Subsidiary or the Guarantor;
- (i) the institution or threat of any litigation or administrative proceeding of any nature involving the Borrower, any Subsidiary or the Guarantor which could materially affect the business, operations, prospects, assets, liabilities or financial condition the Borrower, any Subsidiary or the Guarantor;
- (ii) the occurrence of an Event of Default hereunder, or any event that, with the giving of notice or lapse of time, or both, would constitute an Event of Default.

C. Default Notices. Upon receipt of any notices with respect to a default by the Borrower, the Guarantor or any Subsidiary under the terms of any evidence of any indebtedness with parties other than CFC or of any loan agreement, mortgage or other agreement relating thereto, the Borrower shall, and shall cause the Guarantor and each Subsidiary to, deliver copies of such notice to CFC.

D. Annual Certificates. Within one hundred twenty (120) days after the close of each calendar year, commencing with the year in which the initial Advance hereunder shall have been made, the Borrower will deliver to CFC a written statement, in form and substance satisfactory to CFC, signed by the Borrower's General Manager or Chief Executive Officer, stating that during such year, and that to the best of said person's knowledge, the Borrower has fulfilled all of its obligations under this Agreement, the ORA, and the Mortgage throughout such year or, if there has been a default in the fulfillment of any such obligations, specifying each such default known to said person and the nature and status thereof.

E. Financial Books; Financial Reports; Right of Inspection. The Borrower will at all times keep, and safely preserve, proper books, records and accounts in which full and true entries will be made of all of the dealings, business and affairs of the Borrower, in accordance with GAAP. The Borrower will cause to be prepared and furnished to CFC within one hundred twenty (120) days of the end of each of the Borrower's fiscal years during the term hereof, a full and complete consolidated and consolidating report of its financial condition and of its operations as of the end of such fiscal year, audited and certified by independent certified public accountants nationally recognized or otherwise satisfactory to CFC and accompanied by a report of such audit in form and substance satisfactory to CFC, including without limitation a consolidated and consolidating balance sheet and the related consolidated and consolidating statements of income and cash flow. CFC, through its representatives, shall at all times during reasonable business hours and upon prior notice have access to, and the right to inspect and make copies of, any or all books, records and accounts, and any or all invoices, contracts, leases, payrolls, canceled checks, statements and other documents and papers of every kind belonging to or in the possession of the Borrower or in anyway pertaining to its property or business.

F. Notice of Additional Secured Debt. The Borrower will notify CFC promptly in writing if it incurs any additional secured indebtedness other than indebtedness to CFC or indebtedness otherwise provided for in the Mortgage.

G. Compliance With Laws. The Borrower and each Subsidiary shall remain in compliance, in all material respects, with all applicable requirements of law and applicable rules and regulations of each Governmental Authority.

H. Taxes. The Borrower shall pay, or cause to be paid all taxes, assessments or governmental charges lawfully levied or imposed on or against it and its properties prior to the time they become delinquent, except for any taxes, assessments or charges that are being contested in good faith and with respect to which adequate reserves as determined in good faith by Borrower have been established and are being maintained.

I. Further Assurances. The Borrower shall execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, mortgages, deeds of trust and other documents), which may be required under any applicable law, or which CFC may reasonably request, to effectuate the transactions contemplated by the Loan Documents or to grant, preserve, protect or perfect the Liens created or intended to be created thereby. The Borrower also agrees to provide to CFC, from time to time upon request, evidence reasonably satisfactory to CFC as to the perfection and priority of the Liens created or intended to be created by the Loan Documents.

J. Special Covenants. The Borrower will comply with any special covenants identified in Schedule 1 hereto.

Section 5.02 Negative Covenants. The Borrower covenants and agrees with CFC that until payment in full of all amounts hereunder and performance of all obligations of the Borrower hereunder, the Borrower will not, directly or indirectly, without CFC's prior written consent:

A. Limitations on Mergers. Consolidate with, merge, or sell all or substantially all of its business or assets, or enter into an agreement for such consolidation, merger or sale, to another entity or person unless such action is either approved, as is evidenced by the prior written consent of CFC, or the purchaser, successor or resulting corporation is or becomes a member in good standing of CFC and assumes the due and punctual payment of all amounts due hereunder and the due and punctual performance of the covenants contained in the ORA, the Mortgage and this Agreement.

B. Organizational Change. Change its type of organization or other legal structure, except as permitted by Section 5.02.A. hereof, in which case the Borrower shall provide at least 30 days prior written notice to CFC together with all documentation reflecting such change as CFC may reasonably require.

C. Notice of Change in Borrower Information. Change its (i) state of incorporation, (ii) legal name, (iii) mailing address, or (iv) organizational identification number, if it has one, unless the Borrower provides written notice to CFC at least thirty (30) days prior to the effective date of any such change together with all documentation reflecting any such change as CFC may reasonably require.

ARTICLE VI

EVENTS OF DEFAULT

Section 6.01 The following shall be "Events of Default" under this Agreement:

A. Representations and Warranties. Any representation or warranty made by the Borrower herein, or in any of the other Loan Documents, or in any certificate or financial statement furnished to CFC hereunder or under any of the other Loan Documents shall prove to be false or misleading in any material respect.

B. Payment. The Borrower shall fail to pay (whether upon stated maturity, by acceleration, or otherwise) any principal, interest, premium (if any) or other amount payable under the Line of Credit within five (5) Business Days after the due date thereof.

C. Other Covenants.

(i) No Grace Period. Failure of the Borrower to observe or perform any covenant or agreement contained in Sections 5.01.A, 5.01.C, 5.01.D, or 5.01.G, of this Agreement.

(ii) Thirty Day Grace Period. Failure of the Borrower to observe or perform any other covenant or agreement contained in this Agreement or any of the other Loan Documents, which shall remain unremedied for thirty (30) calendar days after written notice thereof shall have been given to the Borrower by CFC.

D. Legal Existence, Permits and Licenses. The Borrower shall forfeit or otherwise be deprived of (i) its authority to conduct business in the jurisdiction in which it is organized or in any other jurisdiction where such authority is required in order for the Borrower to conduct its business in such jurisdiction or (ii) permits, easements, consents or licenses required to carry on any material portion of its business.

E. Other CFC Obligations. The Borrower shall be in breach or default of any Obligation, which breach or default continues uncured beyond the expiration of any applicable grace period.

F. Other Obligations. The Borrower shall (i) fail to make any payment of any principal, premium or any other amount due or interest on any indebtedness with parties other than CFC which shall remain unpaid beyond the expiration of any applicable grace period, or (ii) be in breach or default with respect to any other term of any evidence of any other indebtedness with parties other than CFC or of any loan agreement, mortgage or other agreement relating thereto which breach or default continues uncured beyond the expiration of any applicable grace period, if the effect of such failure, default or breach is to cause the holder or holders of that indebtedness to cause that indebtedness to become or be declared due prior to its stated maturity (upon the giving or receiving of notice, lapse of time, both or otherwise).

G. Involuntary Bankruptcy. An involuntary case or other proceeding shall be commenced against the Borrower or any Guarantor seeking liquidation, reorganization or other relief with respect to it or its debts under bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property and such involuntary case or other proceeding shall continue without dismissal or stay for a period of sixty (60) days; or an order for relief shall be entered against the Borrower under the federal bankruptcy laws or

applicable state law as now or hereafter in effect.

H. Insolvency. The Borrower, or any Guarantor shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to, or be generally unable to, pay its debts as they become due, or shall take any action to authorize any of the foregoing.

I. Dissolution or Liquidation. Other than as provided in subsection H. above, the dissolution or liquidation of the Borrower, or any Guarantor, or failure by the Borrower, or any Guarantor, promptly to forestall or remove any execution, garnishment or attachment of such consequence as will impair its ability to continue its business or fulfill its obligations and such execution, garnishment or attachment shall not be vacated within sixty (60) days. The term "dissolution or liquidation of the Borrower", as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Borrower resulting either from a merger or consolidation of the Borrower into or with another corporation following a transfer of all or substantially all its assets as an entirety, under the conditions set forth in Section 5.02.A.

J. Material Adverse Change. Any material adverse change in the business or condition, financial or otherwise, of the Borrower and the Guarantors taken as a whole, or any Subsidiary.

K. Judgments. The Borrower shall suffer a final, nonappealable judgment not covered by insurance, writ or warrant of attachment or similar process, and shall not discharge, vacate, bond or stay the same within a period of sixty (60) days, that could reasonably be expected to have a material adverse effect upon the business, operations, prospects, assets, liabilities or financial condition of the Borrower and the Guarantors, taken as a whole.

L. Guarantor Default. Default by any Guarantor of its obligations under the Guaranty or under any mortgage, security agreement, instrument or document securing the obligations of such Guarantor under such Guaranty.

ARTICLE VII

REMEDIES

Section 7.01 General Remedies. If any of the Events of Default listed in Article 6 hereof shall occur after the date of this Agreement and shall not have been remedied within the applicable grace periods specified therein, then CFC may:

- (a) Cease making Advances hereunder;
- (b) Terminate the Line of Credit;

- (c) Cease issuing Letters of Credit hereunder;
- (d) Declare all unpaid principal outstanding on the Line of Credit, all accrued and unpaid interest thereon, and all other Obligations to be immediately due and payable and the same shall thereupon become immediately due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived;
- (e) Exercise rights of setoff or recoupment and apply any and all amounts held, or hereafter held, by CFC or owed to the Borrower or for the credit or account of the Borrower against any and all of the Obligations of the Borrower now or hereafter existing hereunder or under the Line of Credit, including, but not limited to, patronage capital allocations and retirements, money due to Borrower from equity certificates purchased from CFC, and any membership or other fees that would otherwise be returned to Borrower. The rights of CFC under this Section are in addition to any other rights and remedies (including other rights of setoff or recoupment) which CFC may have. The Borrower waives all rights of setoff, deduction, recoupment or counterclaim;
- (f) Pursue all rights and remedies (a) available to CFC under the Uniform Commercial Code of the appropriate jurisdiction, and (b) that are contemplated by the Mortgage and the other Loan Documents in the manner, upon the conditions, and with the effect provided in the Mortgage and the other Loan Documents, including, but not limited to, a suit for judicial foreclosure, specific performance, injunctive relief or damages; and/or
- (g) Pursue any other rights and remedies available to CFC at law or in equity.

Section 7.02 No Waiver. Nothing herein shall limit the right of CFC to pursue all rights and remedies available to a creditor following the occurrence of an Event of Default. Each right, power and remedy of CFC shall be cumulative and concurrent, and recourse to one or more rights or remedies shall not constitute a waiver of any other right, power or remedy.

ARTICLE VIII

MISCELLANEOUS

Section 8.01 Notices. All notices, requests and other communications provided for herein including, without limitation, any modifications of, or waivers, requests or consents under, this Agreement shall be given or made in writing (including, without limitation, by telecopy) and delivered to the intended recipient at the "Address for Notices" specified below; or, as to any party, at such other address as shall be designated by such party in a notice to each other party. All such communications shall be deemed to have been duly given (a) when personally delivered including, without limitation, by overnight mail or courier service, (b) in the case of notice by United States mail, certified or registered, postage prepaid, return receipt requested, upon receipt thereof, or (c) in the case of notice by telecopy, upon transmission thereof, provided such transmission is promptly confirmed by either of the methods set forth in clauses (a) or (b) above in each case given or addressed as provided for herein. The Address for Notices of each of the respective parties is as follows:

National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, Virginia 20171-3025
Attention: Senior Vice President – Member Services
Fax # 703-709-6811

The Borrower:

The address set forth in
Schedule 1 hereto

Section 8.02 Expenses. Borrower shall reimburse CFC for any reasonable costs and out-of-pocket expenses paid or incurred by CFC (including, without limitation, reasonable fees and expenses of outside attorneys, paralegals and consultants) for all actions CFC takes, (a) to enforce the payment of any Obligation, to effect collection of any Mortgaged Property, or in preparation for such enforcement or collection, (b) to institute, maintain, preserve, enforce and foreclose on CFC's security interest in or Lien on any of the Mortgaged Property, whether through judicial proceedings or otherwise, (c) to restructure any of the Obligations, (d) to review, approve or grant any consents or waivers hereunder, (e) to prepare, negotiate, execute, deliver, review, amend or modify this Agreement, and (f) to prepare, negotiate, execute, deliver, review, amend or modify any other agreements, documents and instruments deemed necessary or appropriate by CFC in connection with any of the foregoing.

The amount of all such expenses identified in this Section 8.02 shall be secured by the Mortgage and shall be payable upon demand, and if not paid, shall accrue interest at the Default Rate.

Section 8.03 Late Payments. If payment of any amount due hereunder is not received at CFC's office in Herndon, Virginia or such other location as CFC may designate to the Borrower, within five (5) Business Days after the due date thereof, the Borrower will pay to CFC, in addition to all other amounts due under the terms of the Loan Documents, any late payment charge as may be fixed by CFC from time to time pursuant to its policies of general application as in effect from time to time.

Section 8.04. Non-Business Day Payments. If any payment to be made by the Borrower hereunder shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing any interest in respect of such payment.

Section 8.05 Filing Fees. To the extent permitted by law, the Borrower agrees to pay all expenses of CFC (including the reasonable fees and expenses of its counsel) in connection with the filing, registration, recordation or perfection of any other instruments as may be required by CFC in connection with this Agreement, including, without limitation, all documentary stamps, recordation and transfer taxes and other costs and taxes incident to execution, filing, registration, recordation or perfection of any document or instrument in connection herewith. The Borrower agrees to save harmless and indemnify CFC from and against any liability resulting from the failure to pay any required documentary stamps, recordation and transfer taxes, recording costs, or any other expenses incurred by CFC in connection with this Agreement. The provisions of this subsection shall survive the execution

and delivery of this Agreement and the payment of all other amounts due under the Loan Documents.

Section 8.06 CFC Accounts. Borrower agrees that the records of, and all computations by, CFC (in whatever media they are recorded or maintained) as to the amount of principal, interest and fees due on the Line of Credit shall be conclusive in the absence of manifest error

Section 8.07 Waiver; Modification. No failure on the part of CFC to exercise, and no delay in exercising, any right or power hereunder or under the other Loan Documents shall operate as a waiver thereof, nor shall any single or partial exercise by CFC of any right hereunder, or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power. No modification or waiver of any provision of this Agreement or the other Loan Documents and no consent to any departure by Borrower therefrom shall in any event be effective unless the same shall be in writing by the party granting such modification, waiver or consent, and then such modification, waiver or consent shall be effective only in the specific instance and for the purpose for which given.

SECTION 8.08 GOVERNING LAW; SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL.

(A) THE PERFORMANCE AND CONSTRUCTION OF THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF VIRGINIA.

THE UCP OR ISP 98 AS APPLICABLE TO EACH LETTER OF CREDIT GOVERNS THIS AGREEMENT AND IS INCORPORATED HEREIN. SUBJECT TO THE OTHER PROVISIONS OF THIS AGREEMENT, THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE SUBSTANTIVE LAWS OF THE COMMONWEALTH OF VIRGINIA, WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES, EXCEPT TO THE EXTENT THAT SUCH LAW IS INCONSISTENT WITH THE UCP OR ISP 98, AS APPLICABLE. IN THE EVENT ANY PROVISION OF THE UCP OR ISP 98, AS APPLICABLE, IS OR IS CONSTRUED TO VARY FROM OR BE IN CONFLICT WITH ANY PROVISION OF ANY APPLICABLE LAW OF THE COMMONWEALTH OF VIRGINIA OR THE FEDERAL LAW OF THE UNITED STATES, TO THE EXTENT PERMITTED BY LAW, THE UCP OR THE ISP 98, AS APPLICABLE, SHALL GOVERN OR BE READ TO EXPLAIN THE APPLICABLE LAW. UNLESS APPLICANT SPECIFIES OTHERWISE IN ITS APPLICATION FOR A LETTER OF CREDIT, APPLICANT AGREES THAT CFC MAY ISSUE SUCH LETTER OF CREDIT SUBJECT TO THE UCP OR ISP 98 OR, AT CFC'S OPTION, SUCH LATER REVISION OF EITHER THEREOF AS IS IN EFFECT AT THE TIME OF ISSUANCE OF SUCH LETTER OF CREDIT. CFC'S PRIVILEGES, RIGHTS AND REMEDIES UNDER THE UCP, ISP 98 OR SUCH LATER REVISION SHALL BE IN ADDITION TO, AND NOT IN LIMITATION OF, ITS PRIVILEGES, RIGHTS, AND REMEDIES EXPRESSLY PROVIDED FOR HEREIN. THE UCP AND ISP 98 SHALL SERVE, IN THE ABSENCE OF PROOF TO THE CONTRARY, AS EVIDENCE OF STANDARD PRACTICE WITH RESPECT TO THE SUBJECT MATTER THEREOF.

(B) THE BORROWER HEREBY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES COURTS LOCATED IN VIRGINIA AND OF ANY STATE COURT

SO LOCATED FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. THE BORROWER IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTIONS THAT IT MAY NOW OR HEREAFTER HAVE TO THE ESTABLISHING OF THE VENUE OF ANY SUCH PROCEEDINGS BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(C) THE BORROWER AND CFC EACH HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SECTION 8.09 INDEMNIFICATION. THE BORROWER HEREBY INDEMNIFIES AND AGREES TO HOLD HARMLESS, AND DEFEND CFC AND ITS MEMBERS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, ATTORNEYS AND REPRESENTATIVES (EACH AN "INDEMNITEE") FOR, FROM, AND AGAINST ALL CLAIMS, DAMAGES, LOSSES, LIABILITIES, COSTS, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, COSTS AND EXPENSES OF LITIGATION AND REASONABLE ATTORNEYS' FEES) ARISING FROM

(a) ANY CLAIM OR DEMAND IN RESPECT OF THIS AGREEMENT, ANY LETTER OF CREDIT OR THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS DESCRIBED IN THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS AND ARISING AT ANY TIME, WHETHER BEFORE OR AFTER PAYMENT AND PERFORMANCE OF ALL OBLIGATIONS UNDER THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS IN FULL, (b) ANY PAYMENT OR ACTION TAKEN IN CONNECTION WITH ANY LETTER OF CREDIT, INCLUDING, WITHOUT LIMITATION, ANY ACTION OR PROCEEDING SEEKING TO (i) RESTRAIN ANY DRAWING UNDER A LETTER OF CREDIT, (ii) COMPEL OR RESTRAIN PAYMENT OR ANY OTHER ACTION UNDER A LETTER OF CREDIT OR THIS AGREEMENT OR (iii) OBTAIN DAMAGES FOR WRONGFUL DISHONOR OR HONOR OF A LETTER OF CREDIT; (c) THE ENFORCEMENT OF THIS AGREEMENT OR ANY RIGHTS OR REMEDIES UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY LETTER OF CREDIT; OR (d) ANY ACT OR OMISSION OF ANY GOVERNMENTAL AUTHORITY OR OTHER CAUSE BEYOND CFC'S CONTROL; EXCEPT, IN EACH CASE, TO THE EXTENT SUCH MATTERS ARISE SOLELY FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF CFC OR ANY INDEMNITEE. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN SECTION 8.11 HEREOF, THE OBLIGATIONS IMPOSED UPON THE BORROWER BY THIS SECTION SHALL SURVIVE THE REPAYMENT OF THE LINE OF CREDIT AND ALL DRAWS, THE TERMINATION OF THIS AGREEMENT.

Section 8.10 Complete Agreement. This Agreement, together with the schedules to this Agreement and the other Loan Documents, and the other agreements and matters referred to herein or by their terms referring hereto, is intended by the parties as a final expression of their agreement and is intended as a complete statement of the terms and conditions of their agreement. In the event of any conflict in the terms and provisions of this Agreement and any Prior Loan Documents, the terms and provisions of this Agreement shall control.

Section 8.11 Survival; Successors and Assigns. All covenants, agreements, representations and warranties of the Borrower which are contained in this Agreement shall survive the execution and delivery to CFC of the Loan Documents and the making of Advances

and issuance of Letters of Credit hereunder and shall continue in full force and effect until all of the obligations under the Loan Documents have been paid in full. All covenants, agreements, representations and warranties of the Borrower which are contained in this Agreement shall inure to the benefit of the successors and assigns of CFC. The Borrower shall not have the right to assign its rights or obligations under this Agreement.

Section 8.12 Use of Terms. The use of the singular herein shall also refer to the plural, and vice versa.

Section 8.13 Headings. The headings and sub-headings contained in this Agreement are intended to be used for convenience only and do not constitute part of this Agreement.

Section 8.14 Severability. If any term, provision or condition, or any part thereof, of this Agreement or the other Loan Documents shall for any reason be found or held invalid or unenforceable by any governmental agency or court of competent jurisdiction, such invalidity or unenforceability shall not affect the remainder of such term, provision or condition nor any other term, provision or condition, and this Agreement and the other Loan Documents shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

Section 8.15 Binding Effect. This Agreement shall become effective when it shall have been executed by both Borrower and CFC and thereafter shall be binding upon and inure to the benefit of Borrower and CFC and their respective successors and assigns.

Section 8.16 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original and all of which together will constitute one and the same document. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form one document.

Section 8.17 Termination of Agreement. This Agreement shall remain in full effect until the latest of a) the last day of the Commitment Period and b) the date all Letters of Credit issued hereunder have expired, been returned, cancelled, or otherwise terminated or c) the date all Draws have been repaid. Provisions of this Agreement relating to payment of fees, costs and expenses, indemnities, governing law, waivers of jurisdiction and waiver of trial by jury shall survive the termination of this Agreement.

Section 8.18 Schedules. Schedule 1 and Exhibits A, B and C are attached hereto and are an integral part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

[Signatures on following page]

DESERET GENERATION & TRANSMISSION CO-OPERATIVE

(SEAL)

By: _____

Title: _____

Attest: _____

Title: _____

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION

(SEAL)

By: _____

Assistant Secretary-Treasurer

Attest: _____

Assistant Secretary-Treasurer

Loan Number: UT021-I-9033

Effective Date: _____ (to be filled in by CFC)

BLUE MOUNTAIN ENERGY, INC.

(SEAL)

By: _____

Title: _____

Attest:

By: _____

Title: _____

SCHEDULE 1

1. The purpose of the Line of Credit is for general corporate purposes and issuance of

Letters of Credit.

2. The aggregate CFC Commitment shall mean \$20,000,000. The Letter of Credit Commitment Amount shall be up to \$20,000,000 provided that total LC exposure and Advances shall not at any time exceed the CFC Commitment. The Revolving Credit Commitment Amount shall be up to \$20,000,000 provided that total LC exposure and Advances shall not, at any time, exceed the CFC Commitment.
3. The Guarantor shall be Blue Mountain Energy, Inc.
4. The Mortgage shall mean jointly (a) the Amended and Restated Mortgage by and between the Borrower, as Mortgagor and CFC, as Mortgagee dated December 16, 2005, as it may have been or may be supplemented, amended, consolidated, or restated from time to time and (b) the Amended and Restated Mortgage by and between BME, as Mortgagor, CFC, as Mortgagee and Borrower dated December 16, 2005, as it may have been or may be supplemented, amended, consolidated, or restated from time to time.
5. The date of the Borrower's balance sheet referred to in Section 2.01.G is November 30, 2010.
6. The Governmental Authority referred to in Section 2.01.H is: Utah Public Utilities Commission
7. The special conditions of closing referred to in Section 4.01.F are as follows: None
8. The special conditions of credit events referred to in Section 4.02.F are as follows: None
9. The special covenants referred to in Section 5.01.J are as follows: None
10. The Borrower's organizational type is: Not-for profit corporation
11. The Borrower is organized under the laws of the state of: Utah
12. The Borrower's organizational identification number is 697952-0140
13. The place of business or, if more than one, the chief executive office of the Borrower referred to in Section 2.01.I is 10714 South Jordan Gateway, Suite 300, South Jordan, Utah 84095, Fax 801-619-6599.
14. The address for notices to the Borrower referred to in Section 8.01 is 10714 South Jordan Gateway, Suite 300, South Jordan, Utah 84095, Fax 801-619-6599.
15. The Mortgage shall NOT encumber any real or personal property of Deseret located at the chief executive office of the Borrower, which address is set forth in item 13 above.

EXHIBIT A FORM OF LETTER OF CREDIT

IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER _____

Date:

Amount: _____ Dollars (\$ _____)

Expiration Date:

Beneficiary Name and Address:

Name of Applicant:

Issuer: National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, Virginia 20171-3025 Attention: _____

To the above-named Beneficiary:

At the request and for the account of the above-named Applicant, we hereby issue our Irrevocable Standby Letter of Credit No. _____ (the "Letter of Credit") in your favor up to the aggregate amount stated above.

We undertake to pay at sight the amount of each complying written demand presented at our office located at 2201 Cooperative Way, Herndon, VA 20171, attention _____ (or at any other office which may be designated by us by written notice delivered to you at your address stated above) on or before our close of business on the Expiration Date stated above.

Each demand must be in the form of Annex 1 hereto appropriately completed, and notarized, and must be accompanied by this original Letter of Credit.

Partial and multiple drawings are permitted. Each such drawing that is paid by us shall reduce the amount available under this Letter of Credit. Payments under this Letter of Credit in an amount less than the maximum amount available hereunder shall be recorded by us on the reverse side hereof and this Letter of Credit shall then be returned to you.

This credit is subject to International Standby Practices (1998) I.C.C. Publication No. 590 ("ISP"). As to matters not governed by the ISP, this letter of credit is governed and construed in accordance with the laws of the Commonwealth of Virginia, including Article 5 of the Uniform Commercial Code thereof.

Communications with respect to this letter of credit shall be in writing and shall be addressed to us at the address referred to in the second paragraph above, and shall specifically refer to this Letter of Credit No.

NATIONAL RURAL UTILITIES
COOPERATIVE FINANCE CORPORATION

By: _____
Assistant Secretary-Treasurer

ANNEX 1
TO LETTER OF CREDIT NO. _____

[Beneficiary's Letterhead]

National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, Virginia 20171-3025

[DATE]

Attention: _____

Re: Irrevocable Standby Letter of Credit No. _____, dated _____, issued by National Rural Utilities Cooperative Finance Corporation ("Letter of Credit")

The undersigned BENEFICIARY NAME, ("Beneficiary") demands at sight payment of \$ _____ U.S. Dollars under the above Letter of Credit.

NOTE:

The highlighted portion can be deleted if no certification is needed or can be added to or otherwise revised to reflect whatever certification the Applicant and/or Beneficiary want to use. The undersigned, an authorized officer of Beneficiary, hereby certifies on behalf of Beneficiary with reference to the Letter of Credit, that:

The amount claimed under this Letter of Credit is due and payable because payment is due to Beneficiary from APPLICANT NAME.

Honour of Beneficiary's complying demand may be effected by payment at sight by wire transfer to:

In witness whereof, Beneficiary makes this demand and has caused this certificate to be duly executed and delivered by its duly authorized officer as of the date and year written below.

BENEFICIARY NAME

By its undersigned authorized officer

[appropriate original signature]

[Typed/Printed Name]

[Title]

[Date Signed]

STATE OF _____

COUNTY OF _____

PERSONALLY APPEARED BEFORE ME, the undersigned notary public in and for the county and state aforesaid, the within named _____, who stated that he/she is the [TITLE] of [BENEFICIARY], and who acknowledged that he/she signed the above and foregoing instrument on the date shown below his/her title above, for the purposes therein stated, after having been first duly authorized so to act.

GIVEN UNDER MY HAND AND OFFICIAL SEAL, this _____ day of
_____.

NOTARY PUBLIC

(Print Name) _____

My Commission Expires:

EXHIBIT B
FORM OF LETTER OF CREDIT REQUEST

National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, VA 20171-3025

Attn: _____

Re: National Rural Utilities Cooperative Finance Corporation ("CFC")
Revolving Line of Credit No. _____

_____ hereby requests CFC to issue a letter of credit under the above-referenced facility with the following terms:

Letter of Credit Amount:

Beneficiary Name and Address:

Letter of Credit Effective Date:

Expiry Date:

Conditions of Draw: (check one) ___ Standard Form

 ___ Other: (include description of requested terms)

Acting on behalf of the Applicant, I hereby certify that as of the date below: (1) I am duly authorized to make this certification and to request a Letter of Credit on the terms specified herein; (2) the representations and warranties contained in the Revolving Line of Credit Agreement identified herein are true as of the date hereof with the same effect as though such representations and warranties had been made on such date; and (3) no Event of Default and no event which, with the lapse of time or the notice and lapse of time would become such an Event of Default, has occurred and is continuing.

Please issue the letter of credit directly to the beneficiary, with a copy to the undersigned.

Very truly yours,

APPLICANT NAME.

By: _____

Date: _____

Name: _____

Title: _____

EXHIBIT C
LETTER OF CREDIT AMENDMENT REQUEST

National Rural Utilities Cooperative Finance Corporation
2201 Cooperative Way
Herndon, VA 20171-3025

Attn: _____

Re: National Rural Utilities Cooperative Finance Corporation ("CFC")
Letter of Credit No. _____

_____ hereby requests CFC to amend the letter of credit referenced above to:

(please mark appropriate choice and provide relevant information for the choice)

___ Increase the Letter of Credit Amount to \$ _____

___ Decrease the Letter of Credit Amount to \$ _____

___ Extend the Maturity Date to _____

___ Other (provide description of request below):

Acting on behalf of the Applicant, I hereby certify that as of the date below: (1) I am duly authorized to make this certification and to request a Letter of Credit amendment on the terms specified herein; (2) the representations and warranties contained in the Revolving Line of Credit Agreement under which the Letter of Credit referenced herein was issued are true as of the date hereof with the same effect as though such representations and warranties had been made on such date; and (3) no Event of Default and no event which, with the lapse of time or the notice and lapse of time would become such an Event of Default, has occurred and is continuing.

Please issue the letter of credit directly to the beneficiary, with a copy to the undersigned.

Very truly yours,

APPLICANT NAME.

By: _____

Date: _____

Name: _____

Title: _____

SECURED PROMISSORY NOTE

\$20,000,000.00

dated as of July 21, 2011

DRAFT

DESERET GENERATION & TRANSMISSION CO-OPERATIVE, a Utah corporation ("Borrower"), for value received promises to pay, without setoff, deduction, recoupment or counterclaim, to the order of NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION ("Payee") at the Payee's main office or such other place as designated by the Payee, in lawful money of the United States, the sum of the aggregate unpaid principal amount of the Loan (as evidenced by the Loan Agreement defined herein) made by the Payee pursuant to a Second Consolidated, Amended and Restated Revolving Line of Credit Agreement dated as of even date herewith between the Borrower and the Payee, as it may be amended from time to time (the "Loan Agreement"), on the dates provided in the Loan Agreement, *provided, however*, that if not sooner paid as provided in the Loan Agreement, then the aggregate unpaid principal amount of the Loan shall be due and payable on October 16, 2016 (such date being the maturity date and the last day of the Commitment Period as defined in the Loan Agreement), with interest thereon in like money from the date hereof until paid in full, at the rate or rates and payable at the times provided in said Loan Agreement together with all other amounts payable under the Loan Agreement.

This Secured Promissory Note is secured under an Amended and Restated Mortgage and Security Agreement, dated as of December 16, 2005, between the Borrower as Mortgagor and the Payee as Mortgagee, as supplemented and amended by that certain Supplemental Mortgage dated as of even date herewith between the Borrower as Mortgagor and the Payee as Mortgagee, as they may be further supplemented, amended, modified and restated from time to time ("Mortgage"). This Secured Promissory Note is referred to in, and has been executed and delivered pursuant to, the Loan Agreement and under Section 3.01 of the Mortgage. This Secured Promissory Note is a Note under the Mortgage secured *pari passu* and of equal priority with all other Notes issued under the Mortgage regardless of the date or time of issuance.

This Secured Promissory Note is guaranteed by Blue Mountain Energy, Inc. ("Guarantor") under a Secured Guaranty dated of even date herewith ("Guaranty"). The Guarantor's obligations under the Guaranty are secured by that certain Amended and Restated Mortgage and Security Agreement, dated as of December 16, 2005, between the Guarantor as Mortgagor and the Payee as Mortgagee as supplemented and amended by that certain Supplemental Mortgage dated as of even date herewith between the Guarantor as Mortgagor and the Payee as Mortgagee, as they may be further supplemented, amended, modified and restated from time to time.

The principal hereof and interest accrued thereon and any other amount due under the Loan Agreement may be declared to be forthwith due and payable in the manner, upon the conditions, and with the effect provided in the Mortgage or the Loan Agreement.

The Borrower waives demand, presentment for payment, notice of dishonor, protest, notice of protest, and notice of non-payment of this Note.

IN WITNESS WHEREOF the Borrower has caused this Note to be signed in its corporate name and its corporate seal to be hereunto affixed and to be attested by its duly authorized officers, all as of the day and year first above written.

(SEAL)

DESERET GENERATION & TRANSMISSION CO-OPERATIVE

By: _____

Title: _____

DRAFT

Attest: _____
Secretary

Loan No. UT021-A-9033